



# **Blue Capital Reinsurance Holdings Ltd. Blue Capital Re Ltd. (both in Members' Voluntary Liquidation)**

## **Joint Liquidators' Report to the Annual General Meeting**

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## 1 Background

Pursuant to resolutions passed at Special General Meetings of the Companies held on 28 July 2020, Mark Allitt and Mike Morrison of KPMG Advisory Limited were appointed as Joint Liquidators (“the JLs”) of Blue Capital Re Ltd. (“BC Re”) and Blue Capital Reinsurance Holdings Ltd. (“BCRH”) (together referred to as “the Companies”).

Upon the appointment of the JLs, all powers of the Board ceased and the JLs became responsible for the affairs of the Companies until their dissolution.

In addition, BCRH was delisted from the BSX and NYSE prior to the liquidation in March 2020 but remained listed on the OTC Pink Open Market. The Company is due to be delisted from the OTC Pink Open Market, following the final distribution.

BC Re held, up until 13 June 2022, a Class 3A license which was regulated by the Bermuda Monetary Authority (“BMA”).

On 25 March 2022, KPMG in Bermuda’s Restructuring team was acquired by Teneo, a global advisory firm. Mark Allitt remained with KPMG in Bermuda and so Charles Thresh replaced him as one of the JLs.

## 2 Arrangements with Companies’ service providers

Upon the appointment of the JLs, the JLs terminated most arrangements with the Companies’ service providers which were no longer required.

The JLs have continued to engage Computershare Investor Services (“Computershare”) to provide depositary and registrar services and Blue Capital Management Ltd. (“BCML”) as Investment Manager to provide certain reporting and administrative services.

## 3 Commutation Process

On 25 July 2019, BCRH made the decision to cease active operations and commenced the run-off of its (re)insurance business and planning the return of capital to shareholders. BCRH operated through its subsidiaries BC Re and Blue Capital Re ILS Ltd (the latter company is now dissolved).

BC Re provided collateralized reinsurance and entered into industry loss warranties via insurance contracts, through its participation in a retrocessional contract with Blue Water Re Ltd (“BWR”). BCML has been working to commute the reinsurance treaties held with BC Re’s affiliate BWR. As commutations were achieved, funds received by BC Re were distributed to BCRH, such distributions being subject to BMA approval, in accordance with BC Re’s license. The distributions made to date during the liquidation are outlined in section 4 of this report.



It was anticipated that the majority of the commutations would be settled by 2021, however, in some cases the business continued into the next year of the liquidation. By December 2021, the JLs along with BCML determined that the costs and uncertainty of keeping the liquidation open, to allow this business to fully run-off, would not be in the interests of BC Re's shareholders. As such, a circular was issued to shareholders on 15 December 2021, outlining this position and a complete commutation between BC Re and BWR was proposed. No shareholder objected to this proposal and, as such, this commutation was completed on 22 February 2022.

Further details regarding the commutations and subsequent distributions to the Company's shareholders is detailed in section 4.

## 4 Distributions to Shareholders

Under the statutory roles for conducting MVLs the JLs no longer prepare interim financial statements.

Reports on BCRH's financial position continue to be prepared and posted on the Company's website at <https://ir-bcrh.bluecapital.bm/>.

BCML continued to prepare and submit financial statements for BC Re on a liquidation basis, as part of their requirements under the BMA license. This is no longer required given the license cancellation as of 22 June 2022.

As at the date of this report, BCRH has received distributions totaling \$6.0 million from BC Re during the liquidation and the JLs have authorized the following distributions to BCRH's shareholders:

YE 30 June 2021:

— \$1.8 million on 16 February 2021

YE 30 June 2022:

— \$2.4 million on 20 July 2021

The JLs recently made a final distribution from BC Re to BCRH of \$739k on 3 August 2022, and made a final distribution of \$1.6 million to BCRH's shareholders on 19 September 2022.

Please note that all net assets of the Companies will have been distributed by the time of the AGM and no further distributions to the shareholders will be payable. It is anticipated that the liquidation will conclude in the next 9 months, following identification of any unclaimed distributions and remittance thereof to the Consolidated Fund.



## 5 Creditors

The JLs considered calling for claims at the end of 2021, however, the remaining smaller commutations were delayed due to their more complex nature. The JLs ultimately called for creditors to submit their claims in the liquidation on 28 February 2022 and no creditors came forward with any such claims.

## 6 Professional Fees

The remuneration of the JLs is based on the time spent by the JLs and members of their staff in attending to matters arising prior to and during the Companies' liquidations. In addition, the JLs would also be reimbursed for all reasonable out of pocket expenses and disbursements properly incurred in connection with the liquidations.

At the commencement of the liquidations, the costs of the JLs were estimated to amount to approximately \$35k to \$45k for the initial 12-month period (actually incurred \$35k), \$40k to \$50k for the second year (actually incurred \$69k) and approximately \$45k for the final year (actually incurred to date \$41k and expected to complete \$4k).

The JLs fees, and out of pocket expenses and disbursements, for the liquidation are shown in the JLs receipts and payments account at Appendix A.

## 7 Receipts and Payments

The Companies operate bank accounts with HSBC Bank Bermuda Limited.

Receipts and payments accounts for the period 28 July 2021 to 30 June 2022 are attached at Appendix A.

## 8 Annual General Meeting

Notice of the Annual General Meeting ("AGM") of the BCRH was published on the BCRH's website on 30 September 2022. The AGM of BC Re is to be held via written resolutions, given that company is solely owned by BCRH.

The AGM for BCRH is scheduled to be held virtually on 14 October at 10:00 a.m. (Bermuda time). Should you wish to attend this meeting, please complete the enclosed proxy form and submit to the contact details below by 5pm on 13 October 2022.



There will be no resolutions proposed at the meeting, however, this report will be tabled, there will be an update provided by the JLs and there will be an opportunity to ask the JLs any questions in respect to the conduct or proposed closure of the liquidations.

Should you have any queries, please contact Shrene Shergill on +1 441 518 4428 or by email at [shrene.shergill@teneo.com](mailto:shrene.shergill@teneo.com).

Yours faithfully

*For and on behalf of Blue Capital Reinsurance Holdings Ltd. and Blue Capital Re Ltd. (both in liquidation)*

A handwritten signature in black ink, appearing to read 'Charles Thresh'.

Charles Thresh (Sep 30, 2022 12:06 ADT)

Charles Thresh  
*Joint Liquidator*

## Appendix A - Receipts and payments

Blue Capital Reinsurance Holdings Ltd. (in Members' Voluntary Liquidation)			
Receipts and Payments for the period 28 July 2020 to 30 June 2022			
	To 30-Jun-21 USD\$	To 30-Jun-22 USD\$	Cumulative USD\$
Balance b/f		3,970,568.10	
<b>Receipts</b>			
Cash at bank	704,752.57	-	704,752.57
Distribution - Blue Capital Re Ltd.	6,000,000.00	-	6,000,000.00
Endurance	-	12,392.85	12,392.85
<b>Total Receipts</b>	<b>6,000,000.00</b>	<b>12,392.85</b>	<b>6,717,145.42</b>
<b>Payments</b>			
Bank Fee	2,859.45	500.00	3,359.45
Beecher Carlson	348,736.00	-	348,736.00
Georgeson LLC	4,604.09	-	4,604.09
Broadridge	54.83	-	54.83
Endurance	-	6,294.75	6,294.75
Blue Capital Management Ltd	536,775.00	455,728.00	992,503.00
Sompo	24,879.87	-	24,879.87
Registrar of Companies	2,095.00	-	2,095.00
Computershare Inc.	17,799.75	17,608.86	35,408.61
Joint Liquidators fees	35,970.07	69,489.43	105,459.50
Legal fees	-	1,700.00	1,700.00
Shareholder dividend	1,760,410.41	2,464,574.56	4,224,984.97
<b>Total Payments</b>	<b>2,734,184.47</b>	<b>3,015,895.60</b>	<b>5,750,080.07</b>
<b>Cash at Bank as at 30 June 2022</b>	<b>3,970,568.10</b>	<b>967,065.35</b>	<b>967,065.35</b>

Blue Capital Re Ltd. (in Members' Voluntary Liquidation)			
Receipts and Payments for the period 28 July 2020 to 30 June 2022			
	To 30-Jun-21 USD\$	To 30-Jun-22 USD\$	Cumulative USD\$
Balance b/f		121,142.20	
<b>Receipts</b>			
Cash at bank	157,657.03	-	157,657.03
Blue Water Re Ltd.	6,100,000.00	639,844.77	6,739,844.77
Bermuda Monetary Authority Refund	-	54,150.00	54,150.00
<b>Total Receipts</b>	<b>6,100,000.00</b>	<b>693,994.77</b>	<b>6,951,651.80</b>
<b>Payments</b>			
Bank Fee	440.00	1,179.78	1,619.78
Blue Capital Management Ltd	103,699.83	45,817.89	149,517.72
Bermuda Monetary Authority	28,100.00	29,100.00	57,200.00
Registrar of Companies	4,275.00	-	4,275.00
Shareholder dividend	6,000,000.00	-	6,000,000.00
<b>Total Payments</b>	<b>6,136,514.83</b>	<b>76,097.67</b>	<b>6,212,612.50</b>
<b>Cash at Bank as at 30 June 2022</b>	<b>121,142.20</b>	<b>739,039.30</b>	<b>739,039.30</b>

# BCR - JLs Annual Report 2022 final

Final Audit Report

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